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10 **UNITED STATES DISTRICT COURT**  
11 **SOUTHERN DISTRICT OF CALIFORNIA**  
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13 ANTHONY JOHNSON,  
14 Plaintiff and Counter-Defendant,  
15 v.  
16 STORIX, INC., a California Corporation,  
17 Defendant and Counter-Claimant.  
18

Case No.: 3:14-cv-1873-H-BLM

**ORDER GRANTING IN PART AND  
DENYING IN PART DEFENDANT'S  
MOTION FOR ATTORNEYS' FEES  
AND COSTS**

[Doc. No. 165]

19 On August 8, 2014, Plaintiff and Counter-Defendant Anthony Johnson ("Plaintiff  
20 Johnson") filed a complaint alleging copyright infringement of a software program. (Doc.  
21 No. 1.) On September 19, 2014, Defendant and Counter-Claimant Storix, Inc. ("Defendant  
22 Storix") filed an answer and counterclaim seeking a declaratory judgment that it did not  
23 infringe any copyright and that it owned all copyrights in the software. (Doc. No. 5.) On  
24 December 8, 2015, the action came before the Court for a jury trial. (Doc. No. 142.) On  
25 December 15, 2015, the jury returned a verdict in favor of Defendant Storix. (Doc. No.  
26 160.) On December 18, 2015, the Court entered judgment in favor of Defendant Storix  
27 and awarded costs to Defendant Storix as provided by law. (Doc. No. 164.) On January  
28 4, 2016, Defendant Storix filed its bill of costs. (Doc. No. 166.) On January 25, 2016, the

1 Clerk granted Defendant Storix taxable costs pursuant to 28 U.S.C. § 1920 amounting to  
2 \$11,414.64. (Doc. No. 178.)

3 On January 4, 2016, Defendant Storix filed a motion pursuant to 17 U.S.C. § 505  
4 seeking costs not taxable under 28 U.S.C. § 1920 as well as attorneys' fees. (Doc. No.  
5 165.) On January 29, 2016, Plaintiff Johnson opposed Defendant Storix's motion for costs  
6 and fees. (Doc. No. 180.) On February 12, 2016, Defendant Storix replied to Plaintiff  
7 Johnson's opposition.<sup>1</sup> (Doc. No. 184.) On February 23, 2016, the Court held a hearing  
8 on the motion. Andrew Skale and Anne-Marie Dao appeared for Plaintiff Johnson, and  
9 Paul Tyrell and Sean M. Sullivan appeared for Defendant Storix.

10 At the request of the parties, on February 25, 2016, the Court permitted mediation  
11 before a magistrate judge. (Doc. No. 194.) The parties participated in mediation sessions  
12 on March 29, 2016 and April 4, 2016. (Doc. Nos. 202, 204.) On May 5, 2016, the  
13 magistrate judge issued a minute entry indicating that the parties were unable to reach a  
14 settlement. (Doc. No. 213.)

15 On June 16, 2016, the Supreme Court issued an opinion in Case No. 15-375,  
16 Kirtsaeng v. John Wiley & Sons, Inc. At the Court's request, each party filed a  
17 memorandum explaining how that decision should impact the Court's analysis of  
18 Defendant's motion for costs and fees on July 18, 2016. (Doc. Nos. 217, 218.) Each party  
19 filed a response to the other party's memorandum on August 1, 2016. (Doc. Nos. 223,  
20 224.) On August 2, 2016, Plaintiff Johnson objected to Defendant Storix's response  
21 memorandum.<sup>2</sup> (Doc. No. 227.) On August 15, 2016, the Court heard supplemental  
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23 <sup>1</sup> On January 29, 2016, Defendant Storix filed a supplement to its motion for fees and costs. (Doc.  
24 No. 179.) On February 3, 2016, Plaintiff Johnson objected to the supplement. (Doc. No. 181.) On  
25 February 19, 2016, Plaintiff Johnson opposed the supplement. (Doc. No. 188.) On February 19, 2016,  
26 Defendant Storix filed a second supplement to its motion for fees and costs. (Doc. No. 189.) On February  
27 22, 2016, Plaintiff Johnson objected to the second supplement. (Doc. No. 190.) On February 22, 2016,  
28 the Court granted Plaintiff Johnson until March 4, 2016, to file a response to the second supplement, but  
Plaintiff did not file a response. (Doc. No. 191.)

<sup>2</sup> The Court has considered all of the objections raised by the parties in connection with this motion.  
To the extent the objections are valid, the Court sustains them. To the extent the objections are invalid,  
the Court overrules them.

1 argument on the motion. Andrew Skale and Ben Wagner appeared for Plaintiff, and Paul  
 2 Tyrell and Sean Sullivan appeared for Defendant. For the reasons that follow, the Court  
 3 grants in part and denies in part the motion for costs and fees.

#### 4 Discussion

##### 5 I. Legal Standards

6 The Copyright Act states, “In any civil action under this title, the court in its  
 7 discretion may allow the recovery of full costs by or against any party other than the United  
 8 States or an officer thereof. Except as otherwise provided by this title, the court may also  
 9 award a reasonable attorney’s fee to the prevailing party as part of the costs.” 17  
 10 U.S.C. § 505. In its recent opinion in Kirtsaeng v. John Wiley & Sons, Inc., the Supreme  
 11 Court confirmed that there are a number of nonexclusive factors that courts may consider  
 12 in determining whether a proposed award “advances the Copyright Act’s goals” of  
 13 “encouraging and rewarding authors’ creations while also enabling others to build on that  
 14 work.” 136 S. Ct. 1979, 1986 (2016). These factors include motivation, the objective  
 15 unreasonableness of the losing party’s factual and legal arguments, the degree of success  
 16 obtained, the need, in particular circumstances, to advance considerations of compensation  
 17 and deterrence, and frivolousness. Id. at 1985; Fogerty v. Fantasy, Inc., 510 U.S. 517, 534  
 18 n.19 (1994); Omega S.A. v. Costco Wholesale Corp., 776 F.3d 692, 695-96 (9th Cir. 2015).

19 In weighing these factors, Courts must “give substantial weight to the objective  
 20 reasonableness of the losing party’s position.” Kirtsaeng, 136 S. Ct. at 1983. An  
 21 unsuccessful position is not necessarily objectively unreasonable, and courts must not  
 22 “confuse[] the issue of liability with that of reasonableness.” Id. at 1988. Reasonableness  
 23 or unreasonableness is not dispositive, and courts “must also give due consideration to all  
 24 other circumstances relevant to granting fees.” Id. at 1983. Courts retain “discretion, in  
 25 light of those factors, to make an award even when the losing party advanced a reasonable  
 26 claim or defense.” Id. “There is no precise rule or formula for making these determinations  
 27 . . . .” Fogerty, 510 U.S. at 534. “Prevailing plaintiffs and prevailing defendants are to be  
 28 treated alike.” Id. at 534; see also Perfect 10, Inc. v. CCBill LLC, 488 F.3d 1102, 1120

1 (9th Cir. 2007).

2 “When calculating the amount of attorney fees to be awarded in a litigation, the  
3 district court applies the lodestar method, multiplying the number of hours reasonably  
4 expended by a reasonable hourly rate.” Ryan v. Editions Ltd. W., Inc., 786 F.3d 754, 763  
5 (9th Cir. 2015). “When a party seeks an award of attorneys’ fees, that party bears the  
6 burden of submitting evidence of the hours worked and the rate paid. In addition, that party  
7 has the burden to prove that the rate charged is in line with the prevailing market rate of  
8 the relevant community.” Carson v. Billings Police Dep’t, 470 F.3d 889, 891 (9th Cir.  
9 2006) (citations and quotation marks omitted). The Court may adjust the lodestar figure in  
10 light of twelve factors:

11 (1) the time and labor required; (2) the novelty and difficulty of the questions  
12 involved; (3) the skill requisite to perform the legal service properly; (4) the  
13 preclusion of other employment by the attorney due to acceptance of the case;  
14 (5) the customary fee; (6) whether the fee is fixed or contingent; (7) time  
15 limitations imposed by the client or the circumstances; (8) the amount  
16 involved and the results obtained; (9) the experience, reputation, and ability  
17 of the attorneys; (10) the “undesirability” of the case; (11) the nature and  
length of the professional relationship with the client; and (12) awards in  
similar cases.

18 Carter v. Caleb Brett LLC, 757 F.3d 866, 869 (9th Cir. 2014). In addition to attorneys’  
19 fees, “district courts may award otherwise non-taxable costs, including those that lie  
20 outside the scope of [28 U.S.C.] § 1920, under [17 U.S.C.] § 505.” Twentieth Century Fox  
21 Film Corp. v. Entm’t Distrib., 429 F.3d 869, 885 (9th Cir. 2005).

## 22 II. Recovery of Fees

23 In evaluating whether to award attorneys’ fees, the Court considers Plaintiff  
24 Johnson’s motivations, the reasonableness of Plaintiff Johnson’s positions, the degree of  
25 Defendant Storix’s success, the need to advance considerations of compensation and  
26 deterrence, and the frivolousness of Plaintiff Johnson’s litigation positions and tactics.  
27 Kirtsaeng, 136 S. Ct. at 1985; Fogerty, 510 U.S. at 534 n.19; Omega S.A., 776 F.3d at 695-  
28 96.

1           A.     Motivation

2           The Court first considers Plaintiff Johnson's motivation in bringing the case.  
 3 Kirtsaeng, 136 S. Ct. at 1985; Omega S.A., 776 F.3d at 695. "[A] court's discretion may  
 4 be influenced by the plaintiff's culpability in bringing or pursuing the action, but  
 5 blameworthiness is not a prerequisite to awarding fees to a prevailing defendant." Fantasy,  
 6 94 F.3d at 558. In this case, Plaintiff Johnson took a number of actions demonstrating that  
 7 his motivation was not simply to win damages for alleged copyright infringement. On  
 8 September 26, 2015, Plaintiff Johnson sent an email to several Storix directors and  
 9 employees titled "Buckle up boys!" (Doc. No. 66-1, Huffman Decl. Ex. A, at 5-9.) The  
 10 email stated in part:

11           That means, when I win the very near copyright decision, which we all know  
 12 I will, the company will be paying back all my legal expenses. And you will  
 13 be paying the company back, for mine and its expenses.

14           ...

15           Here's your one option. Get the f[...] out. Give your stock back to the  
 16 company, resign your board seat, terminate your employment. Leave with  
 17 just what you gave me. Only then your name will be removed from the  
 18 derivative[ ] action, giving you some hope of keeping your homes and perhaps  
 finding other jobs. But once this is filed, all options are off the table. The  
 damages I will be granted in the copyright case will transfer from the company  
 to YOU.

19 (Id.)

20           Plaintiff Johnson also stated in that email that he would send an announcement to  
 21 Defendant Storix's customers and tell them, among other things, that the software they  
 22 purchased from Defendant Storix infringed on Plaintiff Johnson's copyright. (Id.) On  
 23 October 6, 2015, Plaintiff Johnson sent the announcement to Defendant Storix's customers  
 24 in which he demanded that the customers cease paying Defendant Storix for the use of its  
 25 software. (Doc. No. 66-1, Huffman Decl. Ex. B, at 10-11.) On October 7, 2016, Plaintiff  
 26 Johnson sent an email to one of Defendant Storix's employees declaring a hope that his  
 27 announcement to the company's customers would result in Defendant Storix running out  
 28 of money so that it would be unable to continue defending the lawsuit. (Doc. No. 66-1,

1 Huffman Decl. Ex. D, at 16.) In that email, Plaintiff Johnson also threatened litigation that  
2 would cause the employee to lose his home. (Id.)

3 “Courts have held a plaintiff demonstrates bad faith when alleging [a] copyright  
4 claim to secure benefits other than merely addressing grievances.” Brighton Collectibles,  
5 Inc. v. Pedre Watch Co., No. 3:11-CV-00637 AJB WVG, 2014 WL 29008, at \*4 (S.D. Cal.  
6 Jan. 2, 2014) (citing Maljack Prod., Inc. v. GoodTimes Home Video Corp., 81 F.3d 881,  
7 889 (9th Cir.1996)). In this case, Plaintiff Johnson demonstrated that his motives were not  
8 merely to secure a copyright infringement judgment, but also to wrest control of the  
9 company from its majority shareholders and to force the company to “close its doors.”  
10 (Doc. No. 66-1, Huffman Decl. Ex. D, at 16.) Accordingly, Plaintiff Johnson’s motivations  
11 weigh in favor of Defendant Storix’s request for attorneys’ fees.<sup>3</sup>

#### 12 B. Objective Reasonableness

13 In considering whether to award attorney fees, the Court gives “substantial weight”  
14 to its assessment of Plaintiff Johnson’s reasonableness over the course of the litigation.  
15 Kirtsaeng, 136 S. Ct. at 1983. Plaintiff Johnson’s litigation tactics became increasingly  
16 unreasonable as the case progressed. In his September 26, 2015, “Buckle up boys!” email,  
17 Plaintiff Johnson threatened Storix employees and shareholders with ruinous litigation if  
18 they did not surrender control of the company to him and resign from their jobs. (Doc. No.  
19 66-1, Huffman Decl. Ex. A, at 5-9.) In his October 6, 2015, announcement to Storix  
20 customers, Plaintiff Johnson predicted an end to customer support for SBAdmin and  
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22 <sup>3</sup> The Court recognizes that Plaintiff Johnson has had a difficult time realizing that he no longer  
23 controls Defendant Storix and its product. Plaintiff Johnson created SBAdmin, a software program for  
24 backing up files stored on computers, in 1998 and 1999 while he was a sole proprietor doing business as  
25 Storix Software. (Doc. No. 145, Trial Transcript Vol. I, at 82-90.) In 2003, Plaintiff Johnson incorporated  
26 Defendant Storix, and he transferred assets to Defendant Storix. (Doc. No. 145, Trial Transcript Vol. I,  
27 at 138.) From 2003 to 2011, Plaintiff Johnson was the president and sole shareholder of Defendant Storix,  
28 a corporation that existed primarily to sell copies of SBAdmin to customers. In 2011, due to illness,  
Plaintiff Johnson stepped down from his leadership position and gifted sixty percent of Defendant Storix’s  
outstanding stock to certain employees, thereby reducing Plaintiff Johnson’s ownership in Defendant  
Storix to forty percent. (Doc. No. 145, Trial Transcript Vol. I, at 159-71.) Now a minority shareholder,  
Plaintiff Johnson desires to exert majority control over the company, but this desire does not reflect the  
reality of his current business situation.

1 demanded that the customers cease paying Defendant Storix for the use of its software.  
2 (Doc. No. 66-1, Huffman Decl. Ex. B, at 10-11.) In his October 7, 2016, email to one of  
3 Defendant Storix's employees, Plaintiff Johnson declared an intention to force Defendant  
4 Storix to "close its doors" and threatened litigation that would cause the employee to lose  
5 his home. (Doc. No. 66-1, Huffman Decl. Ex. D, at 16.)

6 The parties went to trial to determine whether Plaintiff Johnson transferred his  
7 copyright in SBAdmin to Defendant Storix in 2003 at the time of Defendant Storix's  
8 incorporation. The Ninth Circuit recently held that, "[i]f a plaintiff has a claim that hinges  
9 on disputed facts sufficient to reach a jury, that claim necessarily is reasonable because a  
10 jury might decide the case in the plaintiff's favor." VMG Salsoul, LLC v. Ciccone, 824  
11 F.3d 871, 887 (9th Cir. 2016). Other courts, however, have noted that a "claim that is not  
12 'objectively unreasonable' at the outset can become so if the litigant continues to pursue it  
13 when the litigant knew or should have known that the chance of success was slim to none."  
14 Erickson Prods. Inc. v. Kast, No. 5:13-CV-05472-HRL, 2016 WL 3951659, at \*2 (N.D.  
15 Cal. July 22, 2016) (quoting Frost-Tsuiji Architects v. Highway Inn, Inc., No. 13-00496  
16 SOM/BMK, 2015 WL 5601853, at \*5 (D. Hawaii, Sept. 23, 2015)). And, in Kirtsaeng, the  
17 Supreme Court noted that an attorneys' fees award in a copyright case is meant to give a  
18 litigant with a meritorious case "an incentive to litigate the case all the way to the end."  
19 136 S. Ct. at 1986.

20 Applying these legal standards, the Court evaluates the objective reasonableness of  
21 Plaintiff Johnson's positions. On March 15, 2004, Plaintiff Johnson signed an annual  
22 report (the "Annual Report") that stated, "2003 represented the first 10 months in the life  
23 of Storix as a Corporation. Prior to 2003, Storix Software was a sole proprietorship. All  
24 assets from Storix Software were transferred to Storix Inc, as of its incorporation of  
25 February 24, 2003." (Doc. No. 165-5, Trial Exhibit CD, at 35.) Plaintiff Johnson survived  
26 summary judgment by arguing that the Annual Report did not memorialize his intent to  
27 transfer the copyright in SBAdmin to Defendant Storix. (Doc. Nos. 56 at 12; 84 at 5-7.)  
28 See Radio Television Espanola S.A. v. New World Entm't, Ltd., 183 F.3d 922, 927 (9th



1 Cir. 1999) (“[T]he parties’ intent as evidenced by the writing must demonstrate a transfer  
 2 of the copyright.”) (citing Melville B. Nimmer & David Nimmer, Nimmer on Copyright,  
 3 § 10.03[A][2] at 10–37 (“As with all matters of contract law, the essence of the inquiry  
 4 here is to effectuate the intent of the parties.”)); Provenz v. Miller, 102 F.3d 1478, 1489  
 5 (9th Cir. 1996) (“Cases where intent is a primary issue generally are inappropriate for  
 6 summary judgment . . .”).

7 At trial, Defendant Storix adduced overwhelming evidence demonstrating that the  
 8 Annual Report did in fact memorialize Plaintiff Johnson’s intent to transfer the copyright  
 9 in SBAdmin. For example, shortly after the 2003 incorporation, the “clickwrap” license  
 10 for SBAdmin stated, “Copyright (c) 1999-2003 Storix, Inc.” (Doc. No. 165-5, Trial Exhibit  
 11 BQ, at 9.) On January 29, 2004, Plaintiff Johnson sent an email insisting that a distributor  
 12 refrain from suppressing a copyright statement in the software reading, “Copyright (c)  
 13 1999-2003 Storix, Inc.” (Doc. No. 165-5, Trial Exhibit BY, at 17.) On February 17, 2004,  
 14 and on March 7, 2007, Plaintiff Johnson signed distribution agreements that stated,

15 “STORIX shall retain and own all right, title and interest in the Software and  
 16 Documentation, and each copy thereof, and all intellectual property rights  
 17 with respect thereto without limiting the generality of the foregoing, STORIX  
 18 claims and reserves to itself all right in the Software and any associated  
 19 documentation and all benefits afforded under U.S. copyright law, all  
 international copyright conventions, and U.S. and international intellectual  
 property law.”

20 (Doc. No. 165-5, Trial Exhibits CC, DL, at 20, 54.)

21 Significantly, on January 24, 2006, Plaintiff Johnson stated in an email to a German  
 22 lawyer who was advising Storix in a trademark dispute, “It is not entirely possible for us  
 23 to completely abolish the use of STORIX with our product, as it is the company that owns  
 24 the copyright to the product, documentation, web site and support.” (Doc. No. 165-5, Trial  
 25 Exhibit CQ, at 45.) Plaintiff Johnson did not state that Defendant Storix was using the  
 26 copyright pursuant to a license. (See Doc. No. 223 at 4.)

27 Similarly, on March 26, 2007, Plaintiff Johnson sent an email to his employees  
 28 instructing them to include language on the Storix website and software documentation



1 that read, "Copyright Storix, Inc. 1999-2007 USA." (Doc. No. 165-5, Trial Exhibit DQ, at  
 2 69.) On August 20, 2010, Plaintiff Johnson sent an email to the Oracle Corporation that  
 3 stated, "The company acquiring Storix will gain the most comprehensive disaster recovery  
 4 product available for any operating system on the market." (Doc. No. 165-5, Trial Exhibit  
 5 FP, at 71.) On August 26, 2010, Plaintiff Johnson made a submission to the IBM  
 6 Corporation in which he proposed selling Storix to IBM and stated, "IBM would gain the  
 7 most comprehensive disaster recovery product available for any UNIX or Linux operating  
 8 system on the market . . . ." (Doc. No. 165-5, Trial Exhibit FQ, at 76.) In summary, over  
 9 the course of many years, Plaintiff Johnson repeatedly and consistently stated to third  
 10 parties that Defendant Storix owned the copyright in SBAdmin, which was the company's  
 11 most significant asset.

12 When confronted at trial with the representations he made to third parties when he  
 13 sought to sell Storix, Inc., Plaintiff Johnson stated, "Yeah, and I lied. I admit it. I lied."  
 14 (Doc. No. 146, Trial Transcript Vol. II, at 203). The evidence Defendant Storix adduced  
 15 confirmed that the Annual Report meant what it said: when Plaintiff Johnson said he was  
 16 transferring "all assets," he meant "all assets," including the copyright. See Radio  
 17 Television, 183 F.3d at 927. In the face of this overwhelming evidence, it was  
 18 unreasonable for Plaintiff Johnson to maintain that he did not intend to transfer the  
 19 copyright. Nevertheless, the Ninth Circuit has stated that, for purposes of awarding  
 20 attorneys' fees, claims such as Plaintiff Johnson's are necessarily reasonable if they hinge  
 21 on disputed facts sufficient to reach a jury. VMG Salsoul, 824 F.3d at 887. Accordingly,  
 22 the Court concludes the Plaintiff Johnson's position was objectively reasonable, at least  
 23 through the conclusion of trial, and the Court gives "substantial weight" to this assessment.<sup>4</sup>  
 24 Kirtsaeng, 136 S. Ct. at 1983; VMG Salsoul, 824 F.3d at 887.

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 27 <sup>4</sup> The Court notes the tension between the Ninth Circuit's holding that cases that proceed to trial are  
 28 objectively reasonable, VMG Salsoul, 824 F.3d at 887, and the Supreme Court's observation that an  
 attorneys' fees award in a copyright case is meant to give a litigant with a meritorious case "an incentive  
 to litigate the case all the way to the end." Kirtsaeng, 136 S. Ct. at 1986.

1 C. Degree of Success

2 The Court next considers “the degree of success obtained” by Defendant Storix.  
 3 Omega S.A., 776 F.3d at 695. According to the jury’s special verdict, Plaintiff Johnson  
 4 proved that “he obtained a valid copyright for an original work of authorship relating to  
 5 SBAdmin.” (Doc. No. 160 at 2.) The jury answered in Defendant Storix’s favor on  
 6 Plaintiff Johnson’s claim for copyright infringement and found that Defendant Storix  
 7 “owns all rights to the copyrights to all versions of SBAdmin.” (Doc. No. 160.) This was  
 8 not a case in which the prevailing party achieved only a limited degree of success or won  
 9 on a technicality. See Entm’t Research Grp., Inc. v. Genesis Creative Grp., Inc., 122 F.3d  
 10 1211, 1231 (9th Cir. 1997) (quoting Hensley v. Eckerhart, 461 U.S. 424, 436-37 (1983));  
 11 Fantasy, Inc. v. Fogerty, 94 F.3d 553, 560 (9th Cir. 1996). On the contrary, as the Court  
 12 stated in its judgment, the verdict was in Defendant Storix’s favor. (Doc. No. 164 at 2.)  
 13 Accordingly, the degree of success factor weighs in favor of Defendant Storix.

14 D. Considerations of Compensation and Deterrence

15 The Court next considers “the need in particular circumstances to advance  
 16 considerations of compensation and deterrence.” Kirtsaeng, 136 S. Ct. at 1985 (quoting  
 17 Fogerty, 510 U.S. at 534 n.19). Plaintiff engaged in a variety of behavior that should be  
 18 deterred. On January 16, 2016, a month after the jury returned its verdict against him,  
 19 Plaintiff Johnson sent an email to a Storix employee asking the employee to secretly  
 20 communicate with him about what was happening inside the company and to delete their  
 21 correspondence. (Doc No. 216-2, Bonert Decl. Ex. 1, at 3-4.) That email also indicated  
 22 that Plaintiff Johnson had been working on revising the SBAdmin software and that he had  
 23 a marketable product. (Id. at 3.) Additionally, the email stated, “[Storix’s leadership] tell  
 24 you they now own the copyright, but they don’t.” (Id.) In light of the jury’s verdict stating  
 25 that Defendant Storix owns all copyrights to SBAdmin, Defendant Storix sent a cease and  
 26 desist letter to Plaintiff Johnson demanding that he cease copying, distribution,  
 27 modification, or sale of any version of SBAdmin. (Doc. No. 216-4, Tyrell Decl. Ex. 5, at  
 28 26-27.) On January 22, 2016, Plaintiff Johnson stated that he would not return materials

1 related to SBAdmin and declined to respond to the demand that he cease copying,  
 2 distribution, modification, or sale of SBAdmin.<sup>5</sup> (Doc. No. 216-4, Tyrell Decl. Ex. 8, at  
 3 31-32.)

4 Plaintiff Johnson's pre-judgment litigation tactics should also be deterred. It was  
 5 inappropriate for Plaintiff Johnson to tell Defendant Storix's shareholders to "get the  
 6 [expletive] out" and to attempt to coerce them into surrendering control of the company.  
 7 (Doc. No. 66-1, Huffman Decl. Ex. A, at 5-9.) It was inappropriate for Plaintiff Johnson  
 8 to demand that Defendant Storix's customers stop paying for the use of its software in an  
 9 attempt to prevent Defendant Storix from having enough money to continue defending the  
 10 lawsuit. (Doc. No. 66-1, Huffman Decl. Ex. B, at 10-11, Huffman Decl. Ex. D, at 16.) It  
 11 was also inappropriate for Plaintiff Johnson to threaten Defendant Storix's directors with  
 12 the loss of their homes while he was telling the customers to stop paying Storix to  
 13 undermine the company. (Doc. No. 66-1, Huffman Decl. Ex. A, at 5-9, Huffman Decl. Ex.  
 14 D, at 16.) This inappropriate conduct should be deterred. See Omega S.A., 776 F.3d at  
 15 695-96.

16 An award of attorneys' fees is justified to deter litigants in copyright cases from  
 17 interfering with the rights of a copyright holder. Scorpio Music (Black Scorpio) S.A. v.  
 18 Willis, No. 3:11-CV-1557 BTM RBB, 2015 WL 5476116, at \*3 (S.D. Cal. Sept. 15, 2015).  
 19 An award is also justified when a party's actions unnecessarily expand another party's  
 20 work. Love v. Mail on Sunday, No. CV05-7798 ABC (PJWX), 2007 WL 2709975, at \*5  
 21 (C.D. Cal. Sept. 7, 2007), aff'd sub nom. Love v. Associated Newspapers, Ltd., 611 F.3d  
 22 601 (9th Cir. 2010). "[T]he need in [these] particular circumstances to advance  
 23 considerations of . . . deterrence" is strong, see Kirtsaeng, 136 S. Ct. at 1985, and this factor  
 24 weighs in favor of Defendant Storix's request for attorneys' fees.

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 28 <sup>5</sup> As a result of Plaintiff Johnson's refusal, Defendant Storix has filed a motion for further relief pursuant to 28 U.S.C. § 2202, which remains pending. (Doc. No. 216.)

1 E. Frivolousness

2 Finally, the Court considers whether Plaintiff Johnson's case was frivolous.  
 3 Kirtsaeng, 136 S. Ct. at 1985. "[A] frivolous claim under the Copyright Act is one that, in  
 4 either the factual or legal assertions, is clearly baseless, involving fantastic or delusional  
 5 scenarios." Perfect 10, Inc. v. Giganews, Inc., No. CV 11-07098-AB SHX, 2015 WL  
 6 1746484, at \*8 (C.D. Cal. Mar. 24, 2015) (citations and quotation marks omitted); see also  
 7 Perfect 10, Inc. v. Visa Int'l Serv. Ass'n, No. C 04-00371 JW, 2005 WL 2007932, at \*4  
 8 (N.D. Cal. Aug. 12, 2005) (citing Neitzke v. Williams, 490 U.S. 324, 325-328 (1989)).  
 9 Plaintiff Johnson ultimately lost, but his claims did not rise to the level of fantasy or  
 10 delusion. See Bisson-Dath v. Sony Computer Entm't Am. Inc., No. CV-08-1235 SC, 2012  
 11 WL 3025402, at \*2 (N.D. Cal. July 24, 2012) ("A claim is not frivolous merely because it  
 12 is unsuccessful."). Indeed, the Court previously stated that the case was not frivolous.  
 13 (Doc. No. 214, February 23, 2016 Hearing Transcript, at 42.)

14 Although Plaintiff Johnson's case was not frivolous, this factor's weighing in his  
 15 favor is not dispositive as to Defendant Storix's request for attorneys' fees. It used to be  
 16 that "a copyright defendant had to show that the plaintiff's claim was frivolous or made in  
 17 bad faith in order to be entitled to fees," but this is no longer the rule. Mattel, Inc. v. MGA  
 18 Entm't, Inc., 705 F.3d 1108, 1111 (9th Cir. 2013). Rather, frivolousness is one of many  
 19 factors the Court weighs in determining whether to award attorneys' fees. Kirtsaeng, 136  
 20 S. Ct. at 1985.

21 F. Award of Attorneys' Fees

22 The Court concludes that, under Ninth Circuit precedent, Plaintiff Johnson's position  
 23 was objectively reasonable on the grounds that the case proceeded to trial.<sup>6</sup> See VMG  
 24 Salsoul, 824 F.3d at 887. The Court gives "substantial weight" to this assessment,  
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 27 <sup>6</sup> This precedent may conflict with the Supreme Court's statement in Kirtsaeng that an attorneys'  
 28 fees award in a copyright case is meant to give a litigant with a meritorious case "an incentive to litigate  
 the case all the way to the end." 136 S. Ct. at 1986. But the Court leaves it to the Ninth Circuit to resolve  
 this potential issue.

1 Kirtsaeng, 136 S. Ct. at 1983, and this factor counts in Plaintiff Johnson's favor.  
2 Nevertheless, the Court awards attorneys' fees to Defendant Storix on the basis of the  
3 factors to which the Court gives normal weight. Plaintiff Johnson's motivation, the degree  
4 of Defendant Storix's success, and the need to advance considerations of compensation  
5 and deterrence all weigh heavily in Defendant Storix's favor. The factors that count in  
6 Plaintiff Johnson's favor are his case's lack of frivolousness and that it survived summary  
7 judgment, and the Court concludes that these considerations are insufficient to overcome  
8 the strength of the factors that count in Defendant Storix's favor. See Kirtsaeng, 136 S. Ct.  
9 at 1985; Fogerty v. Fantasy, Inc., 510 U.S. 517, 534 n.19 (1994); Omega S.A. v. Costco  
10 Wholesale Corp., 776 F.3d 692, 695-96 (9th Cir. 2015). Accordingly, the Court awards  
11 attorneys' fees to Defendant Storix.

### 12 III. Calculation of Attorneys' Fees and Costs

13 In calculating the fees to be awarded, the Court uses the lodestar method, and it  
14 requires the prevailing party to submit evidence demonstrating that the fees sought are the  
15 result of multiplying the number of hours reasonably expended by a reasonable hourly rate.  
16 Ryan, 786 F.3d at 763. Defendant Storix has adequately demonstrated that the rates its  
17 attorneys charged were "in line with the prevailing market rate of the relevant community."  
18 Carson, 470 F.3d at 891. (Doc. No. 165-2, Tyrell Decl. ¶¶ 20-21.) Accordingly, the Court  
19 declines to adjust the lodestar factor at this time pending review of Defendant Storix's final  
20 invoices. See Carter, 757 F.3d at 869.

21 In considering Defendant Storix's request for attorneys' fees in light of the Kirtsaeng  
22 factors, the Court awards Defendant Storix with the attorneys' fees it incurred in this case  
23 on and after October 6, 2015, the date of Plaintiff Johnson's email that sought to convince  
24 customers to cease paying Defendant Storix so that Defendant Storix would have  
25 insufficient funds to continue defending the lawsuit. (Doc. No. 66-1, Huffman Decl. Ex.  
26 B, at 10-11, Huffman Decl. Ex. D, at 16.) This award is subject to certain exceptions and  
27 other applicable considerations.

28 The Court excludes from this award fees associated with opposing Plaintiff

Johnson's motions in limine to preclude the testimony of Barbara Frederiksen-Cross.<sup>7</sup> The award also excludes any fees associated with the mediation in which the parties participated before the magistrate judge in the spring of 2016 because those efforts represented the parties' good faith attempts to resolve a variety of issues.<sup>8</sup> Additionally, exercising the Court's discretion, the Court excludes from the award any fees related to the briefing that Defendant Storix provided regarding Kirtsaeng v. John Wiley & Sons, Inc., including Defendant Storix's response to Plaintiff Johnson's brief and all declarations in support of those briefs, because that briefing was initiated at the Court's request and potentially involved a change in the law. (Doc. No. 215.) The Court declines at this time to award fees related to Defendant Storix's motion for further relief pursuant to 28 U.S.C. § 2202 because the motion is still pending.

Defendant Storix also seeks costs not taxable under 28 U.S.C. § 1920. (Doc. No. 165-1 at 24-25.) See Civ. L. R. 54.1. Exercising its discretion, the Court declines to award additional costs beyond those taxable under 28 U.S.C. § 1920.<sup>9</sup> See Twentieth Century Fox, 429 F.3d at 885.

In light of the time that has elapsed since Defendant Storix filed its motion for attorneys' fees, the Court cannot finalize its calculation of the fee award. Plaintiff Johnson has also asked for an opportunity to file an additional opposition because briefing on this motion was temporarily put on hold pending the mediation. (Doc. No. 194.) Due to the piecemeal manner in which this motion was briefed, the Court orders Defendant Storix to file, within thirty days of the date of this order, a self-contained memorandum detailing the

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<sup>7</sup> The jury found in Plaintiff Johnson's favor on the issue of whether he obtained a valid copyright in SBAdmin Version 1.3. (Doc. Nos. 87, 160.)

<sup>8</sup> In addition to the disagreements related to this case, Plaintiff Johnson remains a minority shareholder of Defendant Storix, and the parties have also referenced state court litigation. Accordingly, mediation had the potential to address a number of disputes.

<sup>9</sup> The Court notes that approximately half of the costs Defendant Storix seeks are for fees paid to its technology expert, Barbara Frederiksen-Cross, who Defendant Storix did not call at trial. (Doc. No. 165-4, Tyrell Decl. Ex. 8, at 240-55; Doc. No. 179-2, Tyrell Decl. Ex. 18, at 2-4.) The Court has reviewed the other costs Defendant Storix seeks and also declines to award those costs.



1 fees it seeks consistent with this order. That memorandum must be accompanied by all  
 2 supporting invoices for time worked from October 6, 2015, to August 15, 2016. Defendant  
 3 Storix may not seek fees for any time that was originally billed to a matter other than this  
 4 matter or for any time for which its attorneys did not charge (whether due to a “courtesy  
 5 discount” or otherwise). (See Doc. No. 165-2, Tyrell Decl. ¶ 22.) Additionally, Defendant  
 6 Storix must provide a final chart detailing the fees it seeks pursuant to this order. The chart  
 7 or memorandum must account for any discounts and must specifically identify any time  
 8 entries that are excluded from the award, including entries that were erroneously billed to  
 9 this matter. (See *id.*) The Court also orders Defendant Storix to specify in a chart the  
 10 portion of its total fees that are related to its request for costs and fees.<sup>10</sup>

11 Plaintiff Johnson may object to any specific time entries within thirty days of when  
 12 Defendant Storix files its memorandum. Defendant Storix may file an optional response  
 13 to any of Plaintiff Johnson’s objections within seven days of when Plaintiff Johnson files  
 14 his objections. The Court reserves the right to further consider the reasonableness of the  
 15 fees and to exclude specific categories of fees once it has reviewed the updated invoices.

### 16 Conclusion

17 The Court grants in part and denies in part Defendant Storix’s motion for costs and  
 18 attorneys’ fees. The Court declines to award additional costs beyond those taxable under  
 19 28 U.S.C. § 1920. The Court awards Defendant Storix with the attorneys’ fees it incurred  
 20 in district court litigation in this matter on and after October 6, 2015. The Court excludes  
 21 from this award any fees associated with opposing Plaintiff Johnson’s motions in limine to  
 22 preclude the testimony of Barbara Frederiksen-Cross, any fees associated with the  
 23 mediation in which the parties participated before the magistrate judge in the spring of  
 24 2016, and any fees related to the briefing that Defendant Storix provided regarding  
 25 Kirtsaeng v. John Wiley & Sons, Inc. Defendant Storix must file a memorandum detailing  
 26

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27  
 28 <sup>10</sup> Compare Baker Botts L.L.P. v. ASARCO LLC, 135 S. Ct. 2158, 2169 (2015) with Bell v. Lantz,  
 No. 15-2341, 2016 WL 3361557, at \*3 (7th Cir. June 17, 2016).



1 the fees it seeks consistent with this order within thirty days of the date of this order.  
2 Plaintiff Johnson may object to any specific time entries within thirty days of the date when  
3 Defendant Storix files its memorandum. Defendant Storix may file an optional response  
4 to any of Plaintiff Johnson's objections within seven days of when Plaintiff Johnson files  
5 his objections.

6 **IT IS SO ORDERED.**

7 DATED: August 17, 2016

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9 MARILYN L. HUFF, District Judge  
10 UNITED STATES DISTRICT COURT  
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